

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6817

BILL NUMBER: SB 225

NOTE PREPARED: Feb 21, 2012

BILL AMENDED:

SUBJECT: Hospital Assessment Fee Matters.

FIRST AUTHOR: Sen. Miller

BILL STATUS: As Passed House

FIRST SPONSOR: Rep. T. Brown

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill allows the Hospital Assessment Fee Committee, before July 1, 2013, to set a later date for the submission of specified documents. The bill removes language that required specified documents to have a retroactive implementation of July 1, 2011. It also makes technical corrections.

Effective Date: May 10, 2011 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues: This bill extends the dates set in statute for the submission of documents and the receipt of approval for the Hospital Assessment Fee from the federal Department of Health and Human Services. The bill also removes the requirement that the fee have a retroactive implementation date. These provisions would allow the Hospital Assessment Fee Committee (HAF Committee) the ability to continue to negotiate with the federal government with regard to the implementation of the Hospital Assessment Fee. The bill does not change the expiration date of the fee, which remains June 30, 2013.

Background: Provisions in the 2011 budget bill authorized a hospital assessment fee for a period of two years beginning July 1, 2011, and ending June 30, 2013. The program would suspend the current hospital supplemental distribution programs during the term of the assessment fee and provide for alternate Disproportionate Share Hospital (DSH) program payments for the term of the fee. The fee is required to be set at the level necessary: (1) to reimburse Medicaid services on parity with Medicare to the extent possible; (2) to replace state-operated facility DSH distributions currently available to be made to the state

(approximately \$70 M); and (3) to provide approximately \$50 M in additional funding to the state for Medicaid expenditures. It is currently estimated that approximately \$420 M would be necessary to be raised in assessment fees to accomplish these purposes.

If the fee raised \$420 M in funds, the state would be allocated 28.5% to use for other Medicaid purposes; 71.5% would be required to be used for hospital purposes. The state share would be expected to result in about \$120 M. Of this amount, \$70 M would be necessary to replace the state DSH funding for state-operated facilities. The balance of about \$50 M would be used to provide Medicaid services - potentially replacing state general funds.

The Hospital Assessment Fee Committee (HAF Committee) was established to review and approve certain actions of OMPP. If the fee is not approved by the Centers for Medicare and Medicaid Services (CMS), the HAF Committee does not approve certain actions of the OMPP, or there is an appellate court order, the fee would cease to be collected.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP, FSSA

Local Agencies Affected:

Information Sources:

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